

use safety margins based on an alternate methodology consistent with the proposed ASME Code Case N-514 guidelines. The ASME Code Case N-514 allows determination of the setpoint for LTOP events such that the maximum pressure in the vessel would not exceed 110% of the P/T limits of the existing ASME Appendix G. This results in a safety factor of 1.8 on the principal membrane stresses. All other factors, including assumed flaw size and fracture toughness, remain the same. Although this methodology would reduce the safety factor on the principal membrane stresses, use of the proposed criteria will provide adequate margins of safety to the reactor vessel during LTOP transients.

The change will not increase the probability or consequences of accidents, no changes are being made in the types of any effluents that may be released offsite, and there is no significant increase in the allowable individual or cumulative occupation radiation exposure.

Accordingly, the Commission concludes that this proposed action would result in no significant radiological environmental impact.

With regard to potential non-radiological impacts, the proposed change involves use of more realistic safety margins for determining the PORV setpoint during LTOP events. It does not affect non-radiological plant effluents and has no other environmental impact. Therefore, the Commission concludes that there are no significant non-radiological environmental impacts associated with the proposed action.

Alternative to the Proposed Action

Since the Commission has concluded there is no measurable environmental impact associated with the proposed action, any alternatives with equal or greater environmental impact need to be evaluated.

As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are equivalent.

Alternative Use of Resources

This action did not involve the use of any resources not previously considered in the Final Environmental Statements related to operation of the Salem Nuclear Generating Station, dated April 1973.

Agencies and Persons Consulted

The NRC staff consulted with the state of Pennsylvania regarding the environmental impact of the proposed action. The state official had no comments.

Finding of No Significant Impact

The Commission has determined not to prepare an environmental impact statement for the proposed exemption.

Based upon the foregoing environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment.

For further details with respect to this action, see the request for exemption dated December 22, 1994, which is available for public inspection at the Commission's Public Document Room, 2120 L Street, NW., Washington, DC and at the local public document room located at the Salem Free Public Library, 112 West Broadway, Salem, New Jersey 08079.

Dated at Rockville, Maryland, this 7th day of February 1995.

For The Nuclear Regulatory Commission.

Chester Poslusny,

*Acting Director, Project Directorate I-2,
Division of Reactor Projects—I/II, Office of
Nuclear Reactor Regulation.*

[FR Doc. 95-3366 Filed 2-8-95; 8:45 am]

BILLING CODE 7590-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-35327; File No. SR-AMEX-94-56]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to Proposed Rule Change by the American Stock Exchange, Inc., Relating to Buy-Write Options Unitary Derivatives ("BOUNDS")

February 3, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on December 12, 1994, the American Stock Exchange, Inc. ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Amex, pursuant to Rule 19b-4 under the Act, proposes to amend its rules to permit trading in Buy-Write Options Unitary Derivatives ("BOUNDS"). As described in more detail below, BOUNDS are long term options which the Amex believes have the same economic characteristics as a covered call writing strategy. On December 23, 1994, the Exchange submitted Amendment No. 1 ("Amendment No. 1") to the filing to provide that BOUNDS will be listed with a maximum expiration date corresponding to the longest prescribed long term equity options ("LEAPs") then available for trading, which is currently 39 months.¹

The text of the proposed rule change and Amendment No. 1 are available at the Office of the Secretary, Amex and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and statutory basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

In 1986, the Exchange began listing 26 unit investment trusts, each of which held shares of a single "blue-chip" equity security. Investors were offered an opportunity to separate their ownership interests in these trusts into two distinct trading components representing different economic characteristics of the individual stocks held in the trusts. These separate trading components were known as PRIMES and SCORES.

¹ Letter from William Floyd-Jones, Jr., Assistant General Counsel, Amex, to Michael Walinskas, Derivative Products Regulation, SEC, dated Dec. 23, 1994. The Amex originally proposed listing BOUNDS with 60 month expirations and extending the maximum duration of LEAPs from 39 months to 60 months.

PRIMEs were the enhanced income/limited capital gain component. The holder of a PRIME retained the dividends on the stock held by the trust and participated in the underlying stock's appreciation up to a fixed dollar amount. SCOREs were the capital appreciation component. The holder of a SCORE had the right to all capital appreciation above a fixed dollar amount, but did not receive the dividends on the underlying stock.

PRIMEs and SCOREs were extremely popular with investors, but the trusts from which they derived have now reached their five-year termination dates. Certain Internal Revenue Service regulations, moreover, effectively preclude the creation of new PRIMEs and SCOREs through the original trust mechanism.

The Exchange, for some time, has sought a replacement for the expired PRIMEs and SCOREs. During this process, the Exchange and other options exchanges began to list and trade LEAPs. Like SCOREs, LEAPs enable investors to receive the benefits of a stock's price appreciation above a fixed dollar amount over a long period of time. Currently, however, there is no generally available replacement for PRIMEs.

The Exchange, accordingly, proposes to list BOUNDS as a replacement for PRIMEs. The Options Clearing Corporation ("OCC") will be the issuer of all BOUNDS traded on the Exchange. As with all OCC issued options, BOUNDS will be created when an opening buy and an opening sell order are executed. The execution of such orders will increase the open interest in BOUNDS. Except as described herein, BOUNDS will be subject to the rules governing standardized options.

The Exchange anticipates listing BOUNDS with respect to those underlying securities that have listed LEAPs. The criteria for stocks underlying BOUNDS will be the same as the criteria for stocks underlying LEAPs.

It is anticipated that the sum of the market prices of a LEAP and a BOUND on the same underlying stock with the same expiration and exercise price will closely approximate the market price for the underlying stock. If the combined price of the LEAP and BOUND diverge from that of the underlying common stock, there will be an arbitrage opportunity which, when executed, should bring the price relationships back into line.

BOUNDs will have the same strike prices and expiration dates as their respective LEAPs except that the Exchange will list only a strike price that is at or very close to the price of the

underlying stock at the time of listing, or that is below the price of the stock at that time. For example, at the time of initial listing, the strike prices for a BOUND with the underlying stock trading at \$50 per share, would be set at \$40 and \$50. The Exchange would not list a BOUND with a strike price of \$60 in this example.

The Exchange anticipates that it will list new complementary LEAPs and BOUNDS on the same underlying securities annually, or at more frequent intervals, depending on market demand. The Exchange has the current authority to list LEAPs with up to 39 months until expiration and, therefore, seeks to introduce BOUNDS with up to the same 39 month duration.²

Like PRIMEs, BOUNDS will offer essentially the same economic characteristics as covered calls with the added benefits that BOUNDS can be traded in a single transaction and are not subject to early exercise. BOUND holders will profit from appreciation in the underlying stock's price up to the strike price and will receive payments equivalent to any cash dividends declared on the underlying stock. On the ex-dividend date for the underlying stock, OCC will debit all accounts with short positions in BOUNDS and credit all accounts with long positions in BOUNDS with an amount equal to the cash dividend on the underlying stock.

Like regular options, BOUNDS will trade in standardized contract units of 100 shares of underlying stock per BOUND so that at expiration, BOUND holders will receive 100 shares of the underlying stock for each BOUND contract held if, on the last day of trading, the underlying stock closes at or below the strike price. However, if at expiration the underlying stock closes above the strike price, the BOUND contract holder will receive a payment equal to 100 times the BOUND's strike price for each BOUND contract held. BOUND writers will be required to deliver either 100 shares of the underlying stock for each BOUND contract or the strike price multiplied by 100 at expiration, depending on the price of the underlying stock at that time. This settlement design is similar to the economic result that accrues to an investor who has purchased a covered call (i.e., long stock, short call) and held that position to the expiration of the call option.

For example, if the XYZ BOUND has a strike price of \$50 and XYZ stock closes at \$50 or less at expiration, the holder of the XYZ BOUND contract will receive 100 shares of XYZ stock. This is

the same result as if the call option in a buy—write position had expired out of the money; i.e., the option would expire worthless and the writer would retain the underlying stock. If XYZ closes above \$50 per share, then the holder of an XYZ BOUND will receive \$5,000 in cash (100 times the \$50 strike price). This mimics the economic result to the covered call writer when the call expires in the money, i.e., the writer would receive an amount equal to 100 shares times the strike price and would forfeit any appreciation above that price (because the stock would be delivered to satisfy the settlement obligations created upon the exercise of the call option).

The settlement mechanism for the BOUNDS will operate in conjunction with that of LEAP calls. For example, if at expiration the underlying stock closes at or below the strike price, the LEAP call will expire worthless, and the holder of a BOUND contract will receive 100 shares of stock from the short BOUND. If on the other hand, the LEAP call is in the money at expiration, the holder of the LEAP call is entitled to 100 shares of stock from a short LEAP upon payment of the strike price, and the holder of a BOUND contract is entitled to the cash equivalent of the strike price times 100 from the short BOUND. An investor long both a LEAP and a BOUND, where XYZ closes above the \$50 strike price at expiration, would be entitled to receive \$5,000 in cash from the short BOUND and, upon exercise of the LEAP, would be obligated to pay \$5,000 to receive 100 shares of XYZ stock.

An investor long the underlying stock, and who writes both a LEAP and a BOUND, will be obligated to deliver the stock to the long LEAP call if the underlying stock closes above the strike price, and will receive in return payment of the strike price times 100, which amount will then be delivered to the long BOUND. Accordingly, the Exchange believes a covered writer's position is effectively closed upon the delivery of the underlying stock. If a writer of both instruments has deposited cash or securities other than the underlying stock as margin for a short LEAP call and BOUND, then the writer delivers 100 shares of stock (purchased on the open market) to the long LEAP call upon payment of the strike price times 100. The writer of the BOUND then delivers the cash value of 100 times the strike price to the holder of the long BOUND.

It should be noted that LEAPs are American-style options whereas

² See Amendment No. 1.

BOUNDS are European-style.³ The Exchange believes that it would be inappropriate for the BOUND holder to have an American-style exercise right since the BOUND will tend to trade at a discount to the stock and strike price.

Sales Practices. BOUNDS will be subject to the Exchange's sales practice and suitability rules applicable to standardized options.

Adjustments. BOUNDS will be subject to adjustments for corporate and other actions in accordance with the rules of OCC.

Position Limits. BOUNDS will be subject to the position limits for equity options set forth in Exchange Rule 904. In addition, BOUNDS will be aggregated with other equity options on the same underlying stock for purposes of calculating position limits. According to the Exchange, since a BOUND to the holder is a bullish position (i.e., the equivalent of a short put position where the strike price has been prepaid), the Exchange proposes that long BOUNDS be aggregated with long call and short put positions in the related equity options. Similarly, since the Exchange believes the BOUND, from the perspective of the seller, is a "bearish" position (i.e., it is the equivalent of a long put position where the strike price has been prepaid), it proposes to aggregate short BOUNDS with short call and long put positions in the related equity options.

Customer Margin. The Exchange proposes to apply options margin treatment to BOUNDS as follows:

1. **Long BOUND Positions:** full payment required at the time of purchase. As described more fully below, however, there will be a credit for long BOUNDS in BOUND spread positions.

2. **Short BOUND Positions:** the BOUND seller receives full value of the BOUND at the time of the initial sale and receives no further payment when the contract is settled either by payment of the strike price or delivery of the underlying stock. Short BOUND positions, therefore, will be margined in an amount equal to the current market price of the BOUND plus an amount equal to an "add-on" used to margin short call options times the market value of the BOUND. Since the maximum obligation of the seller of a BOUND cannot exceed the strike price, however, the amount of margin will never exceed the strike value. For example:

A. Assume a stock price of \$50, an exercise price of \$50, a margin add-on percent of 20% and the BOUND trading at \$40. In this case, the short seller would have to pay \$48 to margin the position, i.e., \$40 BOUND price plus 20% of \$40.

B. Assume a stock price of \$40, an exercise price of \$50, a margin add-on percent of 20% and the BOUND trading at \$35. In this case, the margin would be \$42, i.e., \$35 BOUND price plus 20% of \$35.

3. **Covered Positions:** Short BOUND positions offset by the equivalent number of shares of the underlying stock will not require any additional margin since the seller's obligation to the buyer will, in all cases, be covered by the position in the underlying stock. Further, since the sum of the prices of a LEAP and a BOUND will be approximately equal to the price of the underlying stock, a long stock position is cover for both a short BOUND and a short LEAP position.

4. **Spread Positions.** (i) **Same Expiration—Different Strike Prices:** There will be no margin requirement for BOUND positions which are long the higher strike price and short the lower strike price since the long BOUND more than covers the obligation of the short side of the position. For positions short the higher strike price and long the lower strike, a customer will be required to post the difference between the strike prices.

(ii) **Different Expiration—Same Strike Price:** No margin will be required for positions long the nearest expiration and short the longer expiration since the value of the long BOUND will cover the obligation on the short leg of the position. Positions that are short the near expiration and long the distant expiration will require full margin on the short position less 80% of the market value of the long position.

(iii) **Different Expiration—Different Strike Prices:** There will be no margin required for positions that are long the near expiration and short the distant expiration when the strike price on the near expiration is higher than the strike on the distant expiration. For positions which are long the near expiration and short the distant expiration where the strike price on the near expiration is lower than the strike on the distant contract, the margin will be the difference in the strike between the near term and distant strikes. For positions which are short the near expiration and long the distant expiration, full margin will be required on the short position less 80% of the market value of the long position.

(2) Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act, in general, and furthers the objectives of section 6(b)(5), in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and the national market system.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Amex believes that the proposed rule change will impose no burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(a) By order approve such proposed rule change, or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be

³ A European-style option may only be exercised during a limited period of time before the option expires. An American-style option may be exercised at any time prior to its expiration.

available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW., Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by March 2, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-3280 Filed 2-8-95; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 20880; 811-7304]

Brookhollow Trust; Application for Deregistration

February 3, 1995.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Brookhollow Trust.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant seeks an order declaring that it has ceased to be an investment company.

FILING DATES: The application on Form N-8F was filed on October 28, 1994, and amended on January 13, 1995, and January 27, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on February 28, 1995, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street NW., Washington, D.C. 20549. Applicant, 6 St. James Avenue, Boston, Massachusetts 02116.

FOR FURTHER INFORMATION CONTACT:

James J. Dwyer, Staff Attorney, at (202) 942-0581, or C. David Messman, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a Massachusetts business trust and a diversified open-end management investment company. On October 19, 1992, applicant filed a notification of registration on Form N-8A to register as an investment company under section 8(a) of the Act. On November 20, 1992, applicant filed a registration statement on Form N-1A under section 8(b) of the Act and under the Securities Act of 1933 to register an indefinite number of shares.

2. Applicant's registration statement was declared effective on May 7, 1993. The registration statement initially pertained only to applicant's Brookhollow Treasury Money Market Fund series. No public offering or sales of securities of such series were made.

3. An amendment to applicant's registration statement pertaining to the Brookhollow Short Duration U.S. Government Fund ("Short Duration Fund") series was declared effective on March 3, 1993. The public offering of the shares of such series commenced on April 2, 1993. No sales of such shares were completed.

4. On October 1, 1993, pursuant to an action by unanimous written consent, applicant's board of trustees adopted resolutions approving applicant's liquidation. On October 29, 1993, applicant had outstanding 10,168,813 shares of beneficial interest of Short Duration Fund, with a net asset value of \$9.93 per share and an aggregate net asset value of \$100,977.79, which amount applicant distributed on that date to its sole securityholder of record (the seed capital investor).

5. Legal, accounting, printing, mailing, deregistration, termination, and other expenses incurred in connection with applicant's liquidation, totalling approximately \$17,412, were paid by Signature Financial Group, Inc. ("Signature"). EBC Distributors, Inc., applicant's principal underwriter, is a wholly-owned subsidiary of Signature.

6. At the time of the application, applicant had no securityholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not presently engaged in, nor does it propose to engage in, any business activities other

than those necessary for the winding up of its affairs.

7. Applicant intends to make all legally required filings with the Massachusetts Secretary of State to terminate applicant.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-3281 Filed 2-8-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 35-26228]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

February 3, 1995.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by February 27, 1995, to the Secretary, Securities and Exchange Commission, Washington, DC 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

The Columbia Gas System, Inc., et al.

The Columbia Gas System, Inc. ("Columbia"), a registered holding company, and its nonutility subsidiary company, Columbia LNG Corporation ("Columbia LNG"), both of 20 Montchanin Road, Wilmington, Delaware 19807, have filed a post-effective amendment to their application-declaration previously filed under sections 6(a), 7, 9(a), 10, 12(b) and

⁴ 17 CFR 200.30-3(a)(12) (1994).